

VENDOR OPERATING PROCEDURES MANUAL

SECTION VII

SETTING ASIDE OF FUNDS

7.1. Purpose for Which Set-Aside Funds may be Used

As required by the Randolph-Sheppard Amendments of 1974 and the Regulations, set-aside funds may be used for the following purposes:

- A. Maintenance and replacement of equipment,
- B. The purchase of new equipment,
- C. Management services,
- D. Assuring a fair minimum return, and
- E. If determined by a majority vote of the licensed vendors within the program, establishment and maintenance of retirement or pension fund, health insurance contribution, and provision for paid vacation and sick leave.

7.2. Method Used to Establish Set-Aside Schedule

Prior to the beginning of each fiscal year, an estimate will be made as to the amount of funds which will be required for each of the purposes for which the funds are to be set-aside during the ensuing fiscal year. The estimates of the amounts required as well as the purposes for which funds are to be set-aside during the fiscal year will be determined in consultation with the Committee of Blind Vendors.

The estimates will take into account expenditures made for each of the purposes during the two preceding fiscal years and projections for the next fiscal year based on program needs and plans and funds available from other sources.

After a determination has been made as to the amounts of set-aside funds which will be required, a set-aside charge to be levied against the net proceeds of each vendor will be established to yield the required funds.

The schedule will be designed as far as practicable to prevent a greater charge for any purpose than is reasonably required with allowances for the retention of reasonable reserves necessary to assure that each purpose can be provided for on a continuing basis.

7.3. Set-Aside Contributions

The vendor will contribute to the set-aside fund the amount of the net proceeds he earns during each four-week period based on the formula and set-aside schedule contained in Appendix A. The set-aside contribution will be calculated from the net proceeds of the vendor rather than from the net proceeds of the facility.

When a vendor is not assigned to a facility for a full period, his/her set-aside contribution will be calculated by dividing the percentage of net proceeds contained in the formula by the number of weeks he/she is assigned to the facility.

7.4. Fair Minimum Return

The vendor will be guaranteed a fair minimum return of \$100 per week or \$400 per four-week period. He will receive a check of \$200, less vendor requested deductions, at the end of the second and fourth weeks of the four-week period.

In instances when the facility does not produce enough income to allow the vendor to earn the amount of net profit to cover the fair minimum return during the four-week period, the amount of the difference between the net profit earned and the fair minimum return will be paid to the vendor from the set-aside fund. However, if during the fiscal year a greater amount of net profit than the fair minimum return is earned, the amount of net profit paid to the vendor will be reduced by the amount necessary to cover the amount paid to the vendor from the set-aside fund during those periods when a subsidy was necessary to guarantee him/her a fair minimum return.

Should the vendor not earn enough net profits during the fiscal year to return the set-aside fund the full amount paid to him/her from it to assure him/her a fair minimum return, the amount still owed by the vendor will be written off as a loss to the set-aside fund and the vendor will no longer be responsible for returning it to the set-aside fund.